FOUNDERS' AGREEMENT

This founders' agreement (the "**Agreement**") is dated [date] (the "**Signing Date**") and is between the Company[OPTIONAL: , the Shareholders,] and the Founders whose details are set out on the signature page (each also a "**Party**" and together, the "**Parties**"). The capitalized terms used in this Agreement have the meanings set forth in Schedule 1.

WHEREAS:

A. The Founders are the shareholders of [insert Company's business name], registry code [insert Company's registry code] (the "**Company**"), each owning such Shares as set out opposite its name in Schedule 2.

B. The Parties wish to agree on the main principles for the operation and management of the Company, transfers of Shares as well as other mutual rights and obligations as Shareholders.

THE PARTIES AGREE AS FOLLOWS:

1. COMPANY'S BUSINESS AND OPERATIONS

1.1 Definition of Business

The Company's business is [describe in one sentence][1] (the "**Business**"). If the nature and/or scope of the Business can be changed by a resolution of a governing body of the Company under the Articles, such governing body may not, however, decide or approve any change to the extent it would not comply with the definition of "Business" set forth above, except in case and to the extent this Section 1.1 of this Agreement is also respectively amended.

1.2 Transactions between Related Parties

All transactions between the Company and/or any other Group Company, on the one hand, and any of the Shareholders and/or the Related Parties of the Founders and/or the Company, on the other hand, shall reflect market conditions and shall be made at least in a form reproducible in writing.

1.3 Compliance

The Company shall manage its operations based on the industry best practice and in compliance with applicable Laws.

1.4 Protection of Intellectual Property

The Company shall use all reasonable efforts to ensure that its operations do not violate any Intellectual Property of any third person and that all its own Intellectual Property shall be adequately maintained and protected. The Company shall procure that all its agreements involving the creation of Intellectual Property for the Company shall include substantially the provisions set forth in the most recent version of the Startup Estonia IP Assignment and License Agreement, Employment Agreement or Management Board Member Service Agreement or, in the absence thereof, such customary provisions related to the transferring and/or licensing of the relevant Intellectual Property to the Company that would enable the Company to lawfully hold and use such Intellectual Property for business purposes.

1.5 Application to other Group Companies

The principles of corporate governance set forth in this Agreement and the Articles shall be

[1] NOTE TO DRAFT: Defining the Business should be carefully considered because it is interrelated with the determination of the scope of the Non-Compete Obligation (see Section 7.1).

applied *mutatis mutandis* to all other Group Companies.

1.6 Articles

The Articles in the form set out in Schedule 5 (as amended from time to time) shall form an integral part of this Agreement as if each of the provisions of the Articles were a part of this Agreement, irrespective of whether the relevant version of the Articles is registered in the Commercial Register. If the registrar of the Commercial Register refuses to register a version of the Articles with the Commercial Register because any provision thereof is held to be non-compliant with Laws, the Shareholders shall replace such provision by a valid provision that best reflects the Parties' original intention and achieves, to the maximum extent possible, the same economic result, and the Company shall resubmit the amended Articles to the Commercial Register. If the Articles are amended during the validity of this Agreement, such amendment also constitutes an amendment of Schedule 5 of this Agreement and the Parties shall, in all relations between themselves, apply such amended form of the Articles.

2. FOUNDERS' UNDERTAKINGS

2.1 Promotion of Business

The Founders shall promote the best interests of the Company and take all actions on their part to ensure that the Business is conducted in accordance with this Agreement, the Articles and applicable Laws with the aim of increasing the value of the Company.

2.2 Founders' Responsibilities

Each Founder's role and main responsibilities are described in Schedule 3.

2.3 Devotion

[OPTION 1: The Founders shall devote their entire business time to the Company (no less than 40 hours per week) and shall not undertake additional business activities without the approval of all other Founders][OPTION 2: The Founders shall devote substantially all their business time to the Company (no less than [insert] hours per week) and shall not undertake additional business activities without the consent of the other Founders. As an exception, the following Founders are entitled to undertake the following business activities, provided that this does not interfere with the relevant Founder's ability to perform its duties under this Agreement and is in compliance with Section 7 of the Agreement:

2.3.1 [insert Founders name] is entitled to undertake the following business activities: [insert description of the business activities that the Founder is entitled to undertake];

2.3.2 [insert Founders name] is entitled to undertake the following business activities: [insert description of the business activities that the Founder is entitled to undertake];

2.3.3 [insert Founders name] is entitled to undertake the following business activities: [insert description of the business activities that the Founder is entitled to undertake].[2]]

2.4 New Business opportunities

The Founders shall procure that all new opportunities relevant to the Business shall be taken up only through the Company or its wholly owned subsidiary.

2.5 Founder HoldCo

If a Founder holds the Shares through a legal entity (a "**Founder HoldCo**"), then

2.5.1 the Founder shall procure that all shares of its Founder HoldCo and all voting rights

[2] NOTE TO DRAFT: This section is meant to detail the Founder's undertakings other than the Company, the devotion of time to which shall not constitute a breach of this clause. This is not meant to outline the division of responsibilities between the Founders, this is to be outlined in Schedule 3 of this Agreement.

arising from such shares will be held solely by such Founder;

2.5.2 the Founder shall be liable for its Founder HoldCo's obligations arising from the Agreement (including, for the sake of clarity, the Articles) as a surety with its aggregate maximum liability being EUR [insert][3] this Section 2.5.2 constitutes a suretyship agreement for the purposes of the Estonian Law of Obligations Act (in Estonian: *võlaõigusseadus*) and it shall also apply in case of an objection by the debtor within the meaning of Section 149 (2) of the Estonian Law of Obligations Act[4][5]; and;

2.5.3 the obligations provided in Section 7, including those related to a breach of the Non-Compete and Non-Solicitation Obligation, shall apply in addition to the Founder also to its Founder HoldCo *mutatis mutandis*.

[OPTIONAL: If a Founder breaches the obligations specified in Section 2.5.1, the other Founders shall, subject to Section 9.8, have the right to claim from the Founder a penalty in the amount of EUR [insert amount]. Such contractual penalty shall be divided between the other Founders or their Founder HoldCo's, as applicable (other than the breaching Founder and their respective Founder HoldCo) pro rata to the aggregate nominal value of their Shares.]

3. MANAGEMENT OF THE COMPANY AND ADOPTION OF RESOLUTIONS

3.1 Governing bodies

The Company shall be governed by the Shareholders and the Management Board in accordance with the Laws and Articles, subject to the provisions of this Agreement governing such matters. The Company will not have a supervisory board.

3.2 Shareholders' matters and adoption of Shareholders' resolutions

The list of matters falling within the competence of the Shareholders as well as the quorum and voting requirements for the adoption of Shareholders' resolutions are set forth in the Articles.

3.3 Matters requiring approval

The Company shall procure that none of the actions which require the approval of the Shareholders under this Agreement and/or the Articles will be taken without such approval.

4. SHARE ISSUES AND TRANSFERS

4.1 Pre-emption

All Shareholders shall have the right to participate in the issue of new Shares, options, convertible loans, and other instruments giving their holders the right to acquire any Shares ("**Equity Securities**") pro rata to their existing shareholdings, unless such right is excluded in accordance with the Articles.

4.2 Obligation to comply with this Agreement and the Articles

Each Shareholder undertakes to other Shareholders to Transfer any Share or encumber any Share with any Encumbrance only in full accordance with the terms and conditions of this

[3] NOTE TO DRAFT: It is assumed that the Founder shall be liable for such Founder HoldCo's obligations deriving from this Agreement and the Articles that are attributable to the holder of a Founder's Shares (e.g. provisions regulating share issues and Transfers, adoption of Shareholders' resolutions) and a Party to this Agreement in general. Such obligations that are directly related to the Founder as an individual (e.g. those set forth in Section 2) shall remain with the Founder.

[4] NOTE TO DRAFT: It is assumed that the Founder shall be liable for such Founder HoldCo's obligations arising from this Agreement and the Articles that are attributable to the holder of a Founder's Shares (for example, the provisions regulating the issuance and Transfer of shares, the adoption of Shareholders' resolutions) and a Party to this Agreement in general. Such obligations that are directly related to the Founder as an individual (e.g. those set forth in Section 2) shall remain with the Founder.

[5] NOTE TO draft: If this Agreement is entered into in a form reproducible in writing (e.g. through DocuSign), then, in order for this Section to be valid, the Founders must sign the Agreement additionally in writing (or in such electronic form that is equal to "written form" under Estonian law).

Agreement and the Articles.

4.3 Option Pool

The Company may grant options over the Shares to employees, members of management board, advisors, and service providers of any Group Company subject to a maximum option pool (in nominal value) set out in Schedule 2 row "Option Pool" column "Nominal value in euros" (the "**Option Pool**"). Such maximum option pool may be changed by a resolution of Shareholders adopted in accordance with the Articles. Unless otherwise approved by a Shareholders' resolution relating to the option plan or program adopted in accordance with the Articles options shall vest over four years: 25% after one year and the remaining 75% in equal monthly instalments over the following three years. The Shareholders shall take all actions necessary for the issuance of Shares to the holders of options granted in accordance with this Agreement, including increasing the Share Capital and waiving any pre-emptive rights to acquire the Shares in question.

4.4 Transfer of a Share

A Shareholder may transfer Share(s) to a third person or another Shareholder if:

4.4.1 the transfer is approved by the Management Board at least in the form reproducible in writing (with more than half of the members of the Management Board supporting such approval); and

4.4.2 the acquirer of the Share(s) (who is not a party to this Agreement) has entered into an adherence agreement in accordance with Section 4.6; and

4.4.3 the Transferring Shareholder has duly followed all the provisions of Sections 4.5, except to the extent that the Management Board has waived the compliance with such provisions (which waiver may be granted at their sole discretion).

4.5 Transfer only for consideration in cash

A Shareholder may Transfer Share(s) to a third person only by way of sale for consideration payable in cash. The aforesaid shall not apply in case of Permitted Transfers.

The following Transfers of Shares shall be permitted transfers for the purposes of this Agreement (the "**Permitted Transfers**"):

4.5.1 A Founder may Transfer all of his or her Shares to a Founder HoldCo and a Founder HoldCo of a Founder may Transfer all of its Shares to another Founder HoldCo of such Founder without the provisions of Sections 4.4, being applied to such Transfer. However, if the respective transferee thereafter ceases to be a Founder HoldCo of the respective Founder, such transferee shall notify the Company thereof and shall transfer all Shares held by it to such Founder or a Founder HoldCo of such Founder (as determined by the latter).

4.5.2 A Shareholder may Transfer any Share(s) to the Company without the provisions of Sections 4.4 and 4.5 being applied to such Transfer. Any such Transfer shall, however, be subject to the terms and conditions for acquisition of Shares by the Company set forth in the Articles and applicable law.

4.6 Adherence to this Agreement

None of the Shareholders shall Transfer any Share or encumber any Share with an Encumbrance, nor shall the Company issue any Share, to or for the benefit of any person until such person executes an adherence agreement substantially in the form set out in Schedule 4. Such adherence agreement shall be signed as follows: (i) upon increasing the Share Capital: by the Company and the new proposed shareholder, and (ii) upon Transfer of Encumbrance of Shares: by the Company, the Transferring or Encumbering Shareholder and the new proposed shareholder. If an adherence agreement is signed in the way set forth in the previous sentence, it does not need the acceptance or signature of any other Party.

5. REVERSE VESTING AND LEAVERS[6]

5.1 Vesting Period

The “**Vesting Period**” for Founders’ Shares shall be four years from the Signing Date. 25% of Founders’ Shares shall vest on the first anniversary of the Signing Date and the remaining 75% shall vest monthly in equal instalments over the following three years.

5.2 Definition of a Leaver

A “**Leaver**” means a Bad Leaver or a Good Leaver[OPTIONAL: or a Voluntary Leaver].

5.3 Definition of a Bad Leaver

A Founder becomes a “**Bad Leaver**” if:

5.3.1 his Professional Relationship is terminated in circumstances where (a) the Founder has committed a material breach of the Professional Relationship and failed to remedy such breach within 30 days as of making a relevant request by the Company or (b) the Founder has been convicted of a criminal offence[7], excluding traffic related offences or (c) the Founder has caused material damage to the Company and failed to compensate the Company for such damage within 30 days as of making a relevant request by the Company;

5.3.2 the Founder, after the termination of the Professional Relationship, commits a material breach of any confidentiality, non-compete and/or non-solicitation obligations owed to the Company under this Agreement or under the terms of the Professional Relationship that apply after the termination of Professional Relationship;[OPTIONAL: or

5.3.3 the Founder terminates the Professional Relationship unilaterally, except if such termination occurs (a) due to the Company’s material breach of the Professional Relationship or (b) due to the Founder’s death or permanent inability to perform duties due to health reasons.]

A Founder does not, however, become a “Bad Leaver” if the other Founders determine that, irrespective of the above, such Founder is not a Bad Leaver. [ALTERNATIVE: [8]: A Founder does not, however, become a “Bad Leaver” if the Founders agree that, irrespective of the above they will not be considered a Bad Leaver.]

5.4 Bad Leaver’s obligation to Transfer the Shares to the Company

If a Founder becomes a Bad Leaver <u>during the Vesting Period</u>, the Company shall have the right to acquire all Shares from such Founder free of charge.

5.5 Definition of a Good Leaver

A Founder becomes a “**Good Leaver**” if the Founder’s Professional Relationship is terminated in circumstances where he is not a Bad Leaver[OPTIONAL: or a Voluntary Leaver].

5.6 Good Leaver’s obligation to Transfer the Shares to the Company

If a Founder becomes a Good Leaver <u>during the Vesting Period</u>, the Company shall have the right to acquire from such Founder (a) all of the Founder’s Unvested Shares free of charge and (b) the remaining (vested) Shares of the Founder against the payment of a purchase price equal

[6] NOTE TO DRAFT: Reverse vesting is a form of protection for the Founders and the Company’s business in general. It helps assure that should a Founder depart the Company, they will not unjustifiably hold on to their Shares and hurt the Company’s chances of raising funds in the future.
[7] NOTE TO DRAFT: Consider adding: “with respect to the Company or in connection with its business”.
[8] NOTE TO DRAFT: To be applied in case there are just two Founders.

to the Fair Value for such Shares.

5.7 [OPTIONAL: Definition of a Voluntary Leaver

A Founder becomes a "**Voluntary Leaver**" if the Founder terminates the Professional Relationship unilaterally, except if such termination occurs (a) due to the Company's material breach of the Professional Relationship or (b) due to the Founder's death or permanent inability to perform duties due to health reasons or (c) in circumstances which would qualify the Founder as a Bad Leaver under Section 5.3.

5.8 Voluntary Leaver's obligation to Transfer the Shares to the Company

If a Founder becomes a Voluntary Leaver <u>during the Vesting Period</u>, the Company shall have the right to acquire from such Founder (a) all of the Founder's Unvested Shares free of charge and (b) [insert] per cent of the Founder's vested Shares free of charge and (c) the remaining Founder's vested Shares against the payment of a purchase price equal to the Fair Value for such Shares.]

5.9 Determination of Unvested Shares

For the purposes of this Section 5, "**Unvested Shares**" shall be 100% of the Founder's Shares, if the Founder becomes a Leaver before the first anniversary of the Signing Date and the percentage of the Founder's Shares, if the Founder becomes a Leaver after the first anniversary of the Signing Date, calculated as follows:

$$\frac{(Vesting\ Period - Vested\ Period)}{Vesting\ Period}\ x\ 100$$

where the Vesting Period is the number of calendar months in the entire vesting period and the Vested Period is the number of calendar months from the Signing Date until the date on which the Founder becomes a Leaver.

5.10 Exercise of rights requiring the Founder to Transfer the Shares

For the purposes of this Section 5, the date on which the Founder becomes a Leaver shall be the "**Trigger Date**", and the Shares that the Founder is required to Transfer shall be the "**Returned Shares**". The Company may exercise its rights to request the Founder to Transfer Shares to the Company under this Section (the "**Call Option**") by sending a notice to the Founder (with a copy to all other Shareholders) (the "**Option Notice**") within 90 calendar days of the Trigger Date. The Company shall have the right to choose whether to exercise the Call Option in whole (i.e., with respect to the maximum number of Shares subject to Call Option) or in part, provided that any partial exercise of the Call Option shall require the consent of all other Founders.

5.11 Deadline for the Founder to Transfer the Shares

If the Company exercises the Call Option, the Founder shall take all actions requested by the Company to Transfer the Returned Shares to the Company (or as directed by the Company) within a period that shall be (a) 14 days after the receipt of the Option Notice, if the Transfer is free of charge or (b) 14 days after the determination of Fair Value under Section 5.12, if the Transfer is at the fair value of Shares (the "**Fair Value**"). The Transfer of the Returned Shares to the Company may be executed in several consecutive transactions at an interval of up to one year if the Company so determines.

5.12 Determination of Fair Value

The Fair Value shall be determined in good faith by the Company. If the Founder does not agree with the Fair Value determined by the Company, the Founder must send a notice (a "**Disagreement Notice**") to the Company within seven days after the receipt of the Company's calculation of the Fair Value. In such a case, the Fair Value shall be determined by an independent expert appointed jointly by the Founder and the Company. If the Parties fail to appoint such an expert within 14 days of the sending of the Disagreement Notice, the expert will be appointed by the management Board of the Estonian Private Equity and Venture Capital Association or an equivalent organization in Estonia as agreed by the Parties. If the latter fails to appoint such expert or decline from appointing such expert within 14 days after the relevant request of the Company, the expert shall be appointed by the competent court. The Fair Value as determined by the aforementioned expert or competent court shall be final and binding on the Parties.

5.13 Right of the Company to Transfer the rights and obligations

The Company may Transfer its rights and obligations under this Section 5 to a Founder, their Founder HoldCo (other than the Founder who has become a Leaver and his or her Founder HoldCo) in proportion to their numbers of Shares or in any other proportions as may be agreed between the Shareholders in a form reproducible in writing. For the avoidance of doubt, such Transfer does not require the consent of any Party.

5.14 Shareholders' approval for acquiring Company's own Shares

By signing this Agreement, the Shareholders (in their capacity as shareholders of the Company) approve the right of the Company to acquire its own Shares pursuant to this Section 5 within the period of five years of the Effective Date provided that the aggregate nominal value of the Shares held by the Company does not exceed the maximum limit set forth by the law. This Section 5.11 constitutes a shareholders' resolution for the purposes of Section 162(2)(1) of the Commercial Code (in Estonian: *äriseadustik*). For the sake of the acquisition of own Shares authorised under this Section 5.14 the minimum acquisition price shall be EUR 0 and the maximum acquisition price shall be the Fair Value as determined under Section 5.12[9].

5.15 Contractual penalty payable upon the breach of Founder's obligations

If the Founder delays with the performance of obligations under this Section 5, the Founder shall pay to the Company, at its request, a penalty of EUR [insert] for each day of delay.

5.16 Application of provisions

If a Founder holds the Shares through a Founder HoldCo (a) all references to the Founder's Shares in this Section 5 shall be deemed to refer to the Shares of his or her respective Founder HoldCo and (b) the obligation of the Founder to Transfer Shares to the Company under this Section 5 shall apply instead to his or her Founder HoldCo and (c) if the respective Founder HoldCo delays with the performance of its obligations under this Section 5, both the respective Founder and his or her Founder HoldCo shall be jointly and severally liable for the payment of the contractual penalty set forth in Section 5.15.

6. CONFIDENTIALITY

6.1 Definition of Confidential Information

For the purposes of this Agreement "**Confidential Information**" includes the following information, whether or not marked as confidential:

6.1.1 the terms of this Agreement;

6.1.2 any information relating to a Party or a Group Company that a Party receives as a result of entering into this Agreement and (a) that is marked, or at the time of disclosure is

[9] NOTE TO DRAFT: If this Agreement is entered into in the form reproducible in writing (such as DocuSign), then, in order for this shareholders' approval to be valid, a shareholders' resolution approving the authorisation set out in this Section should be separately adopted.

otherwise designated, as being confidential or (b) that would be regarded as confidential or commercially sensitive by a reasonable business person;

6.1.3 without prejudice to the above, in case of any Group Company:

(a) its financial data, including budgets, regular financial reports, balance sheets, income statements, cash-flow statements, KPIs and other business and financial metrics and targets, performance against targets, progress;

(b) its business strategies and plans, marketing and sales strategies and plans, expansion strategies and plans, market research and surveys, customer feedback, market and business opportunities, research and development, other sales and marketing information;

(c) its existing and planned products and services, including product and service roadmaps, concepts and models, pricing models and structures, price lists (including discounts, special prices or special terms offered to or agreed with customers);

(d) the names, addresses, contact details and other information of its customers or potential customers as well as its suppliers or potential suppliers, licensors, licensees, agents, distributors and other contractors;

(e) its agreements, including the fact that any such agreements have been signed as well as their terms, conditions and other content;

(f) its prospective agreements and transactions, including information relating to any offers made to or received from any party, ongoing negotiations with any party, the terms, conditions and other content of any drafts of agreements;

(g) its current and prospective Intellectual Property as well as its technology relating to products and services as well as techniques, methods and processes used for development of concepts, products and services, any other know-how, methods, processes, techniques and technical data;

(h) its IT systems (including websites) as well as software and technical information (including passwords) necessary for the operation, maintenance and/or development of IT systems;

(i) the members of its management board, supervisory board and advisory board and any similar governing body, its employees, consultants and advisors, including (in respect of each aforementioned person) their remuneration and salaries, bonuses and bonus systems, option and other incentive and motivation schemes and other terms on which such persons are employed or engaged;

(j) its investors and shareholders;

(k) the meetings of management board, supervisory board, advisory board, shareholders and any other similar governing body as well as any matters discussed in any such meetings and any resolutions adopted by any such body (whether at meeting or otherwise);

(l) information concerning or provided to third parties, in respect of which a Group Company owes a duty of confidence;

6.1.4 any other information (in whatever form) which any Group Company has an apparent or reasonably identifiable interest in keeping secret from third parties.

6.2 Exclusions from Confidential Information

Confidential Information shall not, however, include any information that

6.2.1 is or becomes (other than through a breach of this Agreement), available to the public generally without requiring a significant expenditure of labour, skill or money;

6.2.2 is at the time of disclosure already known to the receiving Party without restriction on disclosure;

6.2.3 is, or subsequently comes, into the possession of the receiving Party without a violation of any obligation of confidentiality;

6.2.4 is explicitly approved for release by the Company at least in a form reproducible in writing;

6.2.5 a Party is required to disclose by Law, by any securities exchange on which such party's securities are listed or traded, by any regulatory or governmental or other authority with relevant powers to which such Party is subject or submits, or by any court order.

6.3 Confidentiality obligation

Each Party shall treat Confidential Information as confidential, i.e. it shall not use or divulge to any third party or enable any third party to become aware of (except for the purposes of the Company's business) any Confidential Information. For the avoidance of doubt, (a) the Company is entitled to disclose Confidential Information to any third party for the purposes of the Company's business and (b) a Party, being a member of the Management Board, is entitled to disclose Confidential Information for the purposes of the Company's business in the course of fulfilling his duties as a member of the Management Board.

6.4 Exceptions to confidentiality obligation

Notwithstanding the foregoing, a Party may disclose Confidential Information to its attorneys, accountants, consultants, and other professional advisors to the extent necessary to obtain their services, provided that any persons to whom the Party discloses any such information shall be subject to the same confidentiality obligations as the relevant Party.

6.5 Term of confidentiality obligation

The obligations set forth in this Section 5.16 shall apply to a Party being a Shareholder as long as it is a Shareholder and during the period of three years after it ceases to be a Shareholder. The obligations set forth in this Section 5.16 shall apply to a Founder as long as the Founder or his or her Founder HoldCo is a Shareholder and during the period of three years after the Founder and his or her Founder HoldCo cease to be a Shareholder.

7. NON-COMPETITION AND NON-SOLICITATION

7.1 Non-Compete Obligation

Each Founder undertakes, during the Non-Compete Period set forth in Section 7.2 and in the Restricted Territory specified in Section 7.3, not to carry on or engage in any business competing with the Company, including the Business, as a shareholder, member of governing body, employee, consultant, advisor, agent or other service provider, unless the Founder has the prior consent of all other Founders in a form reproducible in writing (the "**Non-Compete Obligation**"). The Non-Compete Obligation applies also to other fields of activity in which the Company is engaged in during the validity of the Non-Compete Period, but only to the extent such new field of activity or product and/or service related thereto is included in the business plan or any other plan of the Group Company and is already in the advanced preparation phase, in each case during the period while the relevant Founder, or its Founder HoldCo, is a Shareholder.

7.2 Non-Compete Period

The Non-Compete Obligation applies during the period while the relevant Founder or its Founder HoldCo, is a Shareholder[OPTIONAL: and for a period of [insert][10] months after the Founder and his or her Founder HoldCo, ceases to be a Shareholder] (the "**Non-Compete Period**").

7.3 Restricted Territory

The Non-Compete Obligation applies in the territory of [insert] and any other territory in which the Company generates more than [insert] percent of its turnover during the period while the relevant Founder, or his or her Founder HoldCo, is a Shareholder (the "**Restricted Territory**").

7.4 Exclusions

The Non-Compete Obligation does not apply to holding shares in publicly listed companies up to 5% of the share capital of the relevant company.

7.5 Non-Solicitation Obligation

Each Founder undertakes not to solicit the Key Persons specified in Section 7.6 during the Non-Solicitation Period set forth in Section 7.7 (the "**Non-Solicitation Obligation**"). The Non-Solicitation Obligation also includes the obligation of each Founder not to, directly or indirectly, and during the Non-Solicitation Period, employ, engage or induce, or seek to induce any person who is or was a Key Person, to leave the service of any Group Company.

7.6 Key Persons

The Non-Solicitation Obligation applies with respect to the Key Employees, key service providers, supervisory board and management board members of the Group Companies (the "**Key Persons**").

7.7 Non-Solicitation Period

The Non-Solicitation Obligation applies during the period while the relevant Founder or its Founder HoldCo is a Shareholder[OPTIONAL: and for a period of [insert][11] months after the Founder or its Founder HoldCo, ceases to be a Shareholder] (the "**Non-Solicitation Period**").

7.8 Breach of non-competition and non-solicitation

If the Founder breaches any obligations set forth in Section 7.1 or 7.5, the Company shall have the right to request such Founder to:

7.8.1 immediately terminate such breach;

7.8.2 surrender to the Company or any Group Company any revenue received in connection with such breach;

7.8.3 pay to the Company a contractual penalty in the amount of EUR [insert] for each breach; and/or

7.8.4 compensate the Company or any Group Company for damages caused to any Group Company by such breach (to the extent they exceed the above penalty and surrendered revenues).

For this purpose, any continuing breach of such obligations of one month shall be deemed to be a new breach with a new contractual penalty as consequence.

However, if the same set of circumstances constitutes a breach by the Founder of any obligations set forth in Section 7.1 or 7.5 as well as the breach of the non-competition and/or

[10] NOTE TO DRAFT: The period should normally not exceed 12 months. The duration of the post-term Non-Compete and Non-Solicitation Obligations shall depend on whether there is a need to continue with the restrictions, which is determined on a case-by-case basis considering the previous involvement of the Founder in the activities of the Company and the minimum amount of time required to take over the Founder's role in the Company.

[11] NOTE TO DRAFT: Please see previous comment.

non-solicitation obligations under such Founder's Professional Relationship, then the contractual penalty for such breach may be demanded, and is payable, only once either under this Agreement or the Professional Relationship.

8. REPRESENTATIONS AND WARRANTIES AND GENERAL UNDERTAKING

8.1 Representations and warranties

Each Party hereby represents and warrants to each other Party that

8.1.1 the representative of the Party (if applicable) has all rights, including necessary internal corporate approvals (if applicable), necessary to enter into this Agreement;

8.1.2 the Party has full authority to enter into and perform this Agreement, including, if applicable, the consent of such Party's spouse substantially in the form of Startup Estonia model spousal consent[12];

8.1.3 the obligations of the Party set forth in this Agreement are valid, binding on and enforceable against the relevant Party; neither the signing nor the performance of this Agreement conflicts with or results in a violation of any provisions of: (a) the articles of association of such Party or any other similar instruments governing such Party (if applicable); (b) any legal acts to which such Party is subject; (c) any agreement or obligation binding on such Party (if applicable); (d) any judgment, order, injunction, decree or ruling of any court or governmental or local authority to which such Party is subject; (e) the terms and conditions of any licence or permit granted to such Party; and

8.1.4 no bankruptcy petition, corporate restructuring application, liquidation application, execution application, or any other similar action under any applicable jurisdiction has been filed against such Party; such Party is not subject to any other insolvency, corporate restructuring or similar proceedings; such Party has not received any notice regarding any intention to initiate any such proceedings.

8.2 General undertaking

Each Shareholder hereby undertakes to the other Shareholders to generally exercise its powers and voting rights as a shareholder of the Company in a manner which is consistent with the terms of this Agreement and the Articles and to ensure that the provisions and objectives of this Agreement and the Articles are given full effect at all times during the term of this Agreement.

9. FINAL PROVISIONS

9.1 Entry into force

The Agreement enters into force once it is signed by all Parties.

9.2 Term and termination

This Agreement shall be valid until it is terminated as set forth below:

9.2.1 the Agreement shall terminate if so agreed in writing by all Parties;

9.2.2 the Agreement terminates with respect to a Shareholder who ceases to hold any Shares and has fulfilled all obligations relating to the Transfer of Shares, provided that such termination shall be without prejudice to any obligations of the relevant Party existing at

[12] NOTE TO DRAFT: If a Party is a natural person, who holds Shares in the Company, and his/her Shares in the Company are subject to the joint property of spouses (either by virtue of marriage, a marital agreement or otherwise), such Party needs his/her husband's or wife's consent to enter into this Agreement. If the Party enters into this Agreement without the consent of his/her spouse and the spouse does not later approve this Agreement, the entry into this Agreement by that Party may be deemed void. In general, Shares are not subject to the joint property of spouses if they were acquired before marriage, provided that any marital agreement or any other agreement between the spouses does not stipulate otherwise. In order to ensure the validity of this Agreement, the need for spousal consent should be checked for all married natural persons who are Parties to this Agreement and hold Shares.

the time of such termination and, for the avoidance of doubt, any obligations set forth in Sections 5.16 and 7 shall continue to apply as provided therein.

This Agreement shall expire if

9.2.3 the Company is liquidated; or

9.2.4 all Shares are acquired and held by one person (not taking into account the Shares held by the Company itself).

The Parties hereby irrevocably waive their right to cancel the Agreement or withdraw from the Agreement on grounds provided in Law (including the Law of Obligations Act) that are not explicitly set forth in this Agreement.

9.3 Amendments

No amendment to this Agreement is valid unless (a) made in the same form as the original Agreement, unless agreed otherwise by all Parties, and (b) signed by all Parties.

9.4 Nature of obligations

The Parties have agreed to exclude the application of §§ 580-618 of the Estonian Law of Obligations Act (in Estonian: *võlaõigusseadus*) to the relationship of the Parties created under this Agreement. The rights and obligations of the Parties hereunder shall be several and not joint.

9.5 Invalid provisions

If any provision of this Agreement is invalid or unenforceable, the Parties shall use their best efforts to replace such provision to achieve the effect closest to the original provision.

9.6 Merger clause

This Agreement constitutes the entire agreement of the Parties with respect to the subject matter hereof and supersedes all other prior declarations of intent, agreements, and other communication between the Parties with respect to the subject matter hereof.

9.7 Notices

Any notice or other communication under this Agreement must be in a form reproducible in writing and sent to the e-mail address specified on the signature page.

9.8 Contractual penalties

Each contractual penalty shall be deemed to operate as a measure for achieving the performance of this Agreement and not as a substitute for performance. The payment of any contractual penalty shall not release the breaching Party from the obligation to perform the relevant obligations. Before a Party becomes entitled to claim a contractual penalty under this Agreement, such Party must give the breaching Party a reasonable term (being no longer than 30 days) to cure the breach in question and its negative consequences. A Party entitled to claim a contractual penalty under this Agreement loses such right if it fails to notify the Party in breach of its intention to claim the penalty within six months after the entitled Party becomes aware of the breach in question.

9.9 Transfer of rights and obligations

No Party may Transfer its rights and obligations under this Agreement to any person without the prior consent of the other Parties made in a form reproducible in writing except that each Shareholder shall be entitled, without any consent of any other Party, to Transfer its rights and obligations under this Agreement to any person to whom the Shareholder Transfers its Shares in accordance with this Agreement and the Articles.

9.10 Applicable law

This Agreement and any rights or claims arising out of or in connection with this Agreement (including any non-contractual claims) shall be governed by the substantive law of Estonia without giving effect to any conflicts of law rules.

9.11 Jurisdiction

Any dispute, controversy or claim arising out of or in connection with this Agreement shall be subject to jurisdiction of Harju County Court (in Estonian: *Harju Maakohus*) in Estonia as the court of first instance.

9.12 Conclusion and date

This Agreement is deemed concluded if signed by all Parties. This Agreement is deemed concluded on the Signing Date irrespective of the date on which each individual Party signed this Agreement.

9.13 Schedules

This Agreement has the following Schedules:

9.13.1 Schedule 1 Definitions and Rules of Interpretation

9.13.2 Schedule 2 Cap Table

9.13.3 Schedule 3 Founders' main responsibilities

9.13.4 Schedule 4 Forms of Adherence Agreement

9.13.5 Schedule 5 New Articles

SCHEDULE 1
DEFINITIONS AND RULES OF INTERPRETATION

1. In this Agreement the following capitalized terms shall have the following meanings:

"**Agreement**"	this founders' agreement (together with its Schedules) as amended from time to time.
"**Articles**"	the articles of association of the Company in the form set out in Schedule 5, as amended from time to time.
"**Bad Leaver**"	defined in Section 5.2.
"**Business**"	defined in Section 1.1.
"**Call Option**"	defined in Section 5.10.
"**Company**"	defined in Recital A.
"**Confidential Information**"	defined in Section 5.16.
"**Disagreement Notice**"	defined in Section 5.12.
"**Effective Date**"	the date indicated in the preamble of this Agreement.
"**Encumbrance**"	(a) a security interest of any kind, including any pledge, mortgage, financial collateral arrangement, retention of title arrangement or security assignment; (b) any claim or right belonging to a third party, including, without limitation, any right of pre-emption, right of first refusal, option, requirement of consent, lease; (c) other encumbrance or restriction of any kind.
"Equity Securities"	defined in Section 4.1.
"**Fair Value**"	defined in Section 5.11.
"**Founder**"	a person listed as a Founder on the signatory page.
"**Founder HoldCo**"	defined in Section 2.5; current Founder HoldCos being those listed as Founder HoldCos on the signatory page.
"**Good Leaver**"	defined in Section 5.5.
"**Group Company**"	the Company or any of its subsidiaries.
"**Intellectual Property**"	any works of authorship, trademarks, service marks, trade names, business names, logos, domain names, patents, utility models, semiconductor topographies, inventions, designs, and any other intellectual property as may be recognized in any jurisdiction in the world, including any rights to such intellectual property as may be

	recognized in any jurisdiction in the world.
“**Key Persons**”	defined in Section 7.6.
“**Law**”	any law, regulation or other legislative act, administrative act or action or any other similar act of any Estonian, foreign, international, supranational, or local authority.
“**Management Board**”	the management board of the Company.
“**Option Notice**”	defined in Section 5.10.
“**Option Pool**”	defined in Section 4.3.
“**Party**” **or** “**Parties**”	the party or parties to this Agreement at any given time.
“**Permitted Transfers**”	defined in Section 4.5
“**Professional Relationship**”	an employment relationship for a fixed or unfixed term, management board member service relationship or other service relationship (in Estonian: *käsundussuhe*) (e.g., consultancy, advisory relationship, relationship from contract for works) between the Founder, on one hand, and any Group Company, on the other hand; the Professional Relationship of a Founder shall not be treated as terminated if such Professional Relationship is transferred from one Group Company to another or if the status of the Founder changes from an employee to management board member or service provider or *vice versa* (even if the above involves a temporary cessation of Professional Relationship with any Group Company); the Professional Relationship shall be considered terminated also if the subsidiary, with whom the Professional Relationship exists, ceases to be the Company’s subsidiary or if the business of the Group Company, with whom the Professional Relationship exists, is transferred to an entity that is not a Group Company.
“**Related Party**”	in relation to any person, a party related to that person within the meaning of IAS 24 (Related Party Disclosures) as adopted by the International Accounting Standards Board.
“**Returned Shares**”	defined in Section 5.10.
“**Share**”	a notional part of a share (in Estonian: *osa*) of the Company having a nominal value of EUR 0.01[13]; for example, 100 Shares shall be deemed to mean a share of the Company with a nominal value of EUR 1.
“**Share Capital**”	the share capital of the Company.
“**Shareholder**”	any holder of a Share.

[13] NOTE TO DRAFT: If the Articles of Association set forth a higher minimum nominal value of a Share (for example EUR 1), the relevant value should be inserted herein and in the following example.

“**Signing Date**”	the date indicated in the preamble of this Agreement.
“**Transfer**”	any assignment, other disposal or transfer, whether conducted under sale, donation, transfer as in-kind contribution or otherwise.
“**Trigger Date**”	defined in Section 5.10.
“**Unvested Shares**”	defined in Section 5.7.
“**Vesting Period**”	defined in Section 5.1.
[OPTIONAL: “**Voluntary Leaver**”	defined in Section 5.7.]

2. In this Agreement the following rules of interpretation apply:

2.1 References to words “include” or “including” (or any similar term) are not to be construed as implying any limitation and general words introduced by the word “other” (or any similar term) shall not be given a restrictive meaning because they are preceded or followed by words indicating a particular class of acts, matters or things.

2.2 Except where the context specifically requires otherwise, words importing one gender shall be treated as importing any gender, words importing the singular shall be treated as importing the plural and vice versa, and words importing the whole shall be treated as including a reference to any part thereof.

2.3 References to “form reproducible in writing” include facsimile and electronic mail (including pdf).

2.4 References to “persons” or “individuals” include private individuals, legal entities, unincorporated associations and partnerships and any other organisations, whether or not they have separate legal personality.

2.5 The section and paragraph headings used in this Agreement are inserted for ease of reference only and shall not affect construction.

2.6 Any reference to a section, paragraph, or schedule means a reference to a section, paragraph, or a schedule of this Agreement.

SCHEDULE 2
CAP TABLE

Shareholder	**Shares**	**Ownership %**	**Ownership % fully diluted**
[Name]	[insert]	[insert]%	[insert]%
[Name]	[insert]	[insert]%	[insert]%
[Name]	[insert]	[insert]%	[insert]%
Total without Option Pool	**[insert]**	**100%**	**[insert]%**
Option Pool	[insert]	N/A	[insert]%
Total with Option Pool	**[insert]**	**N/A**	**100%**

SCHEDULE 3
FOUNDERS’ MAIN RESPONSIBILITIES

[Name]	[describe the responsibilities]
[Name]	[describe the responsibilities]
[Name]	[describe the responsibilities]

SCHEDULE 4
FORMS OF ADHERENCE AGREEMENT
Adherence Agreement upon increasing the Share Capital

This adherence agreement (the "**Agreement**") is dated [insert date] and is between the following parties (each individually also a "**Party**" and all together the "**Parties**"):

(1) [OPTION 1: [insert name], a company incorporated under the laws of [insert], registry code [insert], address [insert], e-mail address [insert]][OPTION 2: [insert name], personal identification code [insert], address [insert], e-mail address [insert]] (the "**Subscriber**"), and

(2) [insert name], a company incorporated under the Estonian laws, registry code [insert] (the "**Company**").

WHEREAS

A. The Subscriber wishes to acquire shares in the Company upon increasing the share capital of the Company pursuant to the resolution of the [management board / supervisory board / shareholders] of the Company (the "**Resolution**");

B. the Company and its shareholders have entered into the Shareholders' Agreement dated [insert date] (the "**Shareholders' Agreement**");

C. the Subscriber confirms that it has read a copy of the Shareholders' Agreement,

D. according to the Shareholders' Agreement and the articles of association of the Company, the Company shall not issue any Share to or for the benefit of any person until such person executes an adherence agreement substantially in the form set out herein.

THE PARTIES AGREE AS FOLLOWS:

1. The Subscriber hereby agrees to be bound by the Shareholders' Agreement in all respects as a Party to the Shareholders' Agreement in the capacity of a [Founder / Shareholder].
2. This Agreement is executed for the benefit of the parties to the Shareholders' Agreement and any other person who may at any time assume any rights or obligations under the Shareholders' Agreement for so long as they remain bound by the Shareholders' Agreement.
3. This Agreement enters into force as of the moment the Subscriber becomes a shareholder of the Company pursuant to the Resolution.
4. Sections "Applicable Law" and "Jurisdiction" of the Shareholders' Agreement shall apply also to this Agreement (and such sections are deemed to be incorporated to this Agreement by reference).

SIGNATURES

Adherence Agreement upon Transfer of the Share

This adherence agreement (the "**Agreement**") is dated [insert date] and is between the following parties (each individually also a "**Party**" and all together the "**Parties**"):

(1) [OPTION 1: [insert name], a company incorporated under the laws of [insert], registry code [insert], address [insert], e-mail address [insert]][OPTION 2: [insert name], personal identification code [insert], address [insert], e-mail address [insert]] (the "**Transferor**");

(2) [OPTION 1: [insert name], a company incorporated under the laws of [insert], registry code [insert], address [insert], e-mail address [insert]][OPTION 2: [insert name], personal identification code [insert], address [insert], e-mail address [insert]] (the "**Transferee**"), and

(3) [insert name], a company incorporated under the Estonian laws, registry code [insert] (the "**Company**").

WHEREAS

A. The Transferor wishes to transfer [Common / Seed Preferred] Shares owned by the Transferor in the Company (the "**Sale Shares**") to the Transferee and the Transferee wishes to acquire the Sale Shares from the Transferor;

B. the Transferor, other shareholders of the Company and the Company have entered into the Shareholders' Agreement dated [insert date] (the "**Shareholders' Agreement**");

C. The Transferee confirms that it has read a copy of the Shareholders' Agreement;

D. according to the Shareholders' Agreement and the articles of association of the Company, none of the Shareholders shall Transfer any Share to or for the benefit of any person until such person executes an adherence agreement substantially in the form set out herein.

THE PARTIES AGREE AS FOLLOWS:

1. The Transferee agrees to be bound by the Shareholders' Agreement in all respects as a Party to the Shareholders' Agreement in the capacity of a [Founder / Shareholder].
2. This Agreement is executed for the benefit of the parties to the Shareholders' Agreement and any other person who may at any time assume any rights or obligations under the Shareholders' Agreement for so long as they remain bound by the Shareholders' Agreement.
3. This Agreement enters into force as of the moment the Subscriber becomes a shareholder of the Company pursuant to the Resolution.
4. Sections "Applicable Law" and "Jurisdiction" of the Shareholders' Agreement shall apply also to this Agreement (and such sections are deemed to be incorporated to this Agreement by reference).

SIGNATURES

SCHEDULE 5
NEW ARTICLES

SIGNATURE PAGE

THE PARTIES HAVE SIGNED THIS AGREEMENT AS FOLLOWS:

THE COMPANY:

Name: **[Name]**, incorporated under the laws of [country], registry code [insert]

Signature: ______________________________

Represented by: [name]
Title [title]
Address: [address]
E-mail: [e-mail address]

THE FOUNDER(S):

Name: **[Name],** a citizen of [country], identity code [insert]

Signature: ______________________________

Address: [address]
E-mail: [e-mail address]

Name: **[Name],** a citizen of [country], identity code [insert]

Signature: ______________________________

Address: [address]
E-mail: [e-mail address]

[OPTIONAL: OTHER SHAREHOLDER(S):

Name: **[Name]**, incorporated under the laws of [country], registry code [insert]

Signature: ______________________________

Represented by: [name]
Title [title]
Address: [address]
E-mail: [e-mail address]

Name: **[Name],** a citizen of [country], identity code [insert]

Signature: ______________________________

Address: [address]
E-mail: [e-mail address]